GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3265
ANSWERED ON:15.04.2008
. FOREIGN COLLABORATION BY INDIAN INDUSTRIES
Chakraborty Shri Ajay;Sharma Dr. Arvind Kumar

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether foreign collaboration agreement is required to be filed by the Indian companies in all cases of investment by a foreign company;

(b) if so, the relevance of such agreement in the case of wholly owned subsidiary of a foreign company in India and whether such an agreement is required to be filed by wholly owned subsidiaries of any other country in today's dynamic investment world;

(c) if so, whether such collaboration agreements are required to be filed by the FIIs; and

(d) if so, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a): As per the extant regulations notified under the Foreign Exchange Management Act (FEMA), 1999, Indian companies and FIIs are not required to file the foreign collaboration agreement with the Reserve Bank of India (RBI). However, FIIs are required to be registered with Securities and Exchange Board of India (SEBI) before making any investment in India.Remittances for payment of royalty and lumpsum fee are allowed even where the technical collaboration has not been registered with the RBI, provided the payments are in conformity with the prescribed norms.

(b) to (d): Do not arise.